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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001277

SIPDIS

STATE FOR SA/INS
LONDON FOR POL-GURNEY
NSC FOR MILLARD

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TAGS: [PGOV](#) [KWMN](#) [NP](#)

SUBJECT: NEPAL: A FOUR-PARTY GOVERNMENT IS FORMED

REF: A. KATHMANDU 1012

- [1](#)B. KATHMANDU 1024
- [1](#)C. KATHMANDU 1080
- [1](#)D. KATHMANDU 1231
- [1](#)E. KATHMANDU 1098

Classified By: Classified by Ambassador James F. Moriarty; Reasons 1.5
(b) and (d).

[1](#)1. (C) SUMMARY: On July 5, Prime Minister Sher Bahadur Deuba expanded his cabinet to a bulky 31 Ministers, State Ministers and Assistant Ministers. The cabinet expansion, which ended a month long delay in the anticipated formation of a four-party government, includes members from four political parties as well as two Palace appointees. Despite being 10 positions larger than Deuba's expressed desire of a "manageable" 21, the formation of a four-party government nevertheless represents a significant accomplishment in that it brings most of the mainstream political parties from the dismissed Parliament back into the governing process. The only major mainstream party remaining outside the government, Koirala's faction of the Nepali Congress, will likely remain a distraction to the new government. END SUMMARY.

[1](#)2. (U) A little over a month since being named Prime Minister (Ref B), Prime Minister Sher Bahadur Deuba on July 5 expanded his 3-member cabinet to 31 (covering 35 positions). The four-party government was formed after five days of hard inter-party wrangling over seat-to-party ratios, following the June 30 announcement (Ref D) by the four member-parties of an agreed 43-point "common minimum program." The cabinet includes individuals from Nepali Congress-Democratic (NC-D), Communist Party of Nepal-United Marxist Leninist (UML), Rastriya Prajatantra Party (RPP), and Nepal Sadbhavana Party-Mandal Faction (NSP).

[1](#)3. (U) Deuba's own Nepali Congress Democratic (NC-D) holds fifteen of the total 35 positions (including Prime Minister and the three positions retained by Deuba). (NOTE: The Ministry of Industry, Commerce and Supplies, initially held along with Education by NC-D's Bimalendra Nidhi (Ref D), was passed to the UML during the horse trading. END NOTE). Several disputed critical positions, including Deputy Prime Minister and Finance Minister, along with ten other cabinet positions, were filled by the largest coalition partner, UML. Five positions were given to the RPP, and one to NSP. The remaining two of the 35 positions went to two "technocrats" named by King Gyanendra. (Bios of the new ministers will be sent septel.) The only major mainstream party remaining outside the government is the Nepali Congress Party-Koirala faction (NCP).

[1](#)4. (U) As he has done in the past, Prime Minister Deuba maintains personal control over the portfolios of Royal Palace Affairs, Defense, and Foreign Affairs. Of the other "key" ministries, Deputy Prime Minister and Minister for Finance went to UML, Bharat Mohan Adhikari; the Ministry of Home went to NC-D, Purna Bahadur Khadka; and the Ministry of Culture, Tourism, and Civil Aviation, another highly desired portfolio, was retained by NC-D. Unfortunately, though perhaps not unexpectedly, the Prime Minister only nominated three women, and only one, Asta Laxmi Shakya of the UML party, to a full ministerial position. The complete list of appointees, position and party affiliation is as follows:

- [1](#)1. Prime Minister, Royal Palace Affairs, Ministry of Defense and Ministry of Foreign Affairs -- Sher Bahadur Deuba (NC-D)
- [1](#)2. Deputy Prime Minister, Minister of Finance -- Bharat Mohan Adhikari (UML)
- [1](#)3. Minister of Information and Communications -- Dr. Mohammed Mohsin (Palace)
- [1](#)4. Forest and Soil Conservation -- Badri Prasad Mandal (NSP)
- [1](#)5. Minister of Science and Technology -- Balaram Gharti Magar (RPP)
- [1](#)6. Minister of Education & Sports -- Bimalendra Nidhi (NC -D)
- [1](#)7. Minister of Physical Planning and Works -- Prakash Man Singh (NC)D)
- [1](#)8. Minister of Health -- Ashok Kumar Rai (UML)
- [1](#)9. Minister of Home -- Purna Bahadur Khadka (NC-D)

¶10. Minister of Culture, Tourism and Civil Aviation -- Deep Kumar Upadhyay (NC-D)
 ¶11. Minister of Industry, Commerce and Supplies -- Ishwor Pokharel (UML)
 ¶12. Minister of Local Development -- Yubaraj Gyanwali (UML)
 ¶13. Minister of Land Reform and Management -- Jog Mehar Shrestha (RPP)
 ¶14. Minister of Agriculture and Cooperatives -- Hom Nath Dahal (NC-D)
 ¶15. Minister of Labor and Transport Management -- Raghuji Pant (UML)
 ¶16. Minister of Population and Environment -- Bachaspati Devkota (UML)
 ¶17. Minister of Women, Children and Social Welfare -- Asta Laxmi Shakya (UML)
 ¶18. Minister of Law, Justice and Parliamentary Affairs -- Tek Bahadur Chokhyal (NC-D)
 ¶19. Minister of General Administration -- Krishna Lal Thakali (Palace)
 ¶20. State Minister of Water Resources -- Thakur Prasad Sharma (RPP)
 ¶21. State Minister of Foreign Affairs -- Dr. Prakash Sharan Mahat (NC-D)
 ¶22. State Minister of Local Development -- Krishna Gopal Shrestha (UML)
 ¶23. State Minister of Education and Sports -- Bal Krishna Khand (NC-D)
 ¶24. State Minister of Labor and Transport Management -- Urba Datta Panta (UML)
 ¶25. State Minister of Health -- Dr. Bamsidhar Mishra (UML)
 ¶26. State Minister of Science and Technology -- Pratibha Rana (RPP)
 ¶27. State Minister of Land Reform and Management -- Ram Chandra Raya (RPP)
 ¶28. Assistant Minister of Agriculture and Cooperatives -- Uma Kanta Chaudhari (NC-D)
 ¶29. Assistant Minister of Population and Environment -- Lal Bahadur Bishwakarma (UML)
 ¶30. Assistant Minister of Physical Planning and Works -- Hari Shankar Pariyar (NC-D)
 ¶31. Assistant Minister of Culture, Tourism and Civil Aviation -- Bhim Kumari Budhamagar (NC-D)

¶5. (C) COMMENT: The July 5 formation of a full cabinet, despite its bulkiness, at least brings most of Nepal's mainstream political forces back into the governing process. Contrary to earlier expectations, however, no positions have been held aside to entice Koirala's faction into the government. The absence of G.P. Koirala's Nepali Congress may prove a serious shortcoming. Koirala, always ready to play the spoiler when not in a position of primacy, will likely continue to try to undermine his rival, PM Deuba, as the new government faces the insurgency and the possible holding of elections. END COMMENT.
 MORIARTY